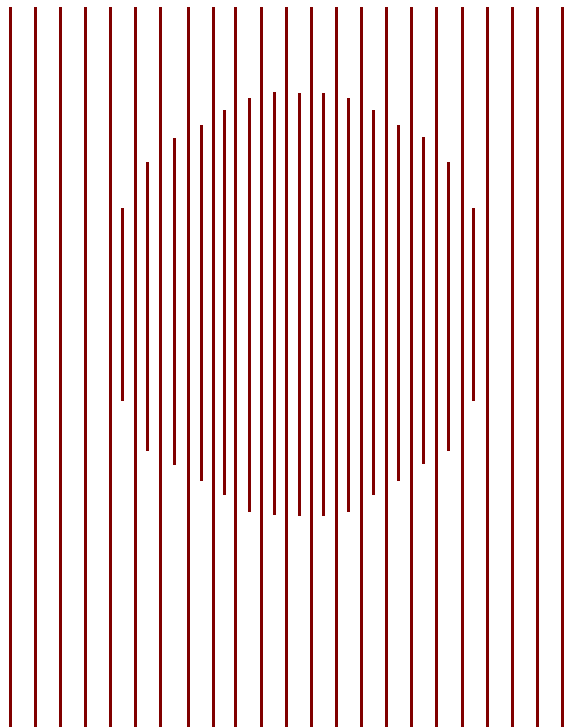


CBO PAPERS

**EASING THE BURDEN:
RESTRUCTURING AND
CONSOLIDATING DEFENSE
SUPPORT ACTIVITIES**

July 1994



CONGRESSIONAL BUDGET OFFICE

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**CONGRESSIONAL BUDGET OFFICE
SECOND AND D STREETS, S.W.
WASHINGTON, D.C. 20515**

NOTES

Numbers in text and tables may not add to totals because of rounding.

Unless otherwise noted, all years are fiscal years.

Savings and costs for the 1995-1999 period are expressed in current dollars, unless otherwise noted. Long-term costs are expressed in 1995 dollars.

Savings are compared with the Administration's fiscal year 1995 plan.

PREFACE

Restructuring roles and missions in the Department of Defense (DoD) has been a recurring theme in Congressional debate on the defense budget. It seems likely to remain in the forefront of debate at least through next year, when a recently established commission on DoD's roles, missions, and functions is scheduled to report its findings to the Congress.

This paper--the second half of a two-part analysis of DoD's roles, missions, and functions--considers the pivotal issue of restructuring or consolidating support activities. The analysis, prepared by the Congressional Budget Office (CBO) at the request of the Committee on the Budget of the United States Senate, considers restructuring six functional support areas. In keeping with CBO's mandate to provide objective, nonpartisan analysis, the paper makes no recommendations.

This discussion of restructuring support functions incorporates contributions by a number of analysts in CBO's National Security Division. Lane Pierrot coordinated the effort, under the general direction of Neil M. Singer and R. William Thomas, and prepared the Summary and Chapter I. Chapter II examines personnel support activities: Ellen Breslin Davidson wrote the section on medical care, and Deborah Clay-Mendez prepared the discussion of family housing. Chapter III looks at equipment support activities, with a section on consolidating acquisition management by Wayne Glass and another on depot maintenance by Rachel Schmidt. Michael O'Hanlon prepared Chapter IV on reorganizing intelligence activities. Amy Belasco wrote the discussion of consolidating primary flight training in Chapter V, with contributions from Lane Pierrot. Lisa Siegel, Amy Plapp, and Elizabeth Chambers of CBO's Budget Analysis Division analyzed the cost implications of the alternatives considered. James L. Blum, Frances Lussier, Michael A. Miller, and William P. Myers made useful suggestions during review. Geoff Cohen and Sheila Roquitte assisted analysts during preparation of the paper, and Nathan Stacy helped review it for accuracy.

Paul L. Houts edited the paper, with assistance from Christian Spoor, and Cynthia Cleveland prepared it for publication.

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SUMMARY

In 1948, leaders of a victorious United States met in Key West, Florida, to mold the defense establishment of a nation whose role in the world was fundamentally changed. Today, this country again confronts the uncertainties of victory, as the end of the Cold War presents both opportunities and challenges. Anticipation of a peace dividend has left the defense community with the challenge of decreasing spending. Many observers believe the defense budget will continue to decline. But military leaders often argue that the United States still faces substantial--though uncertain--threats. As a result, many defense experts have expressed concerns that forces--now a third to a half of their size of a few years ago--should not be cut further.

THE ROLES AND MISSIONS DEBATE

Some Members of Congress, including Senator Sam Nunn, the Chairman of the Senate Armed Services Committee, have suggested that the end of the Cold War offers the opportunity for restructuring. Using the term "roles and missions," in a speech in 1992, Senator Nunn laid out a vision for a restructured defense establishment that would place America's interests before service or agency concerns. The issue of reorganization remains of interest to the Congress. Just last year, the authorizing committees set up an independent commission to review the Department of Defense's (DoD's) roles and missions. That commission had its first meeting last May and will report on its findings next spring.

Interest in reviewing roles and missions springs in part from the notion that the organization of a defense establishment that confronts post-Cold War threats should differ from that of the Cold War establishment. But at the heart of the debate is the belief that DoD must do more with less and that it can do so most easily if it consolidates some of its functions and restructures or eliminates others. The debate has often focused on eliminating areas of overlap. Many areas of suggested overlap involve combat missions. Thus, an issue characteristic of the debate might be eliminating the overlap between Air Force and Army provision of air support to engaged ground forces. (For a discussion of consolidating combat missions, see "Options for Reconfiguring Service Roles and Missions," a CBO paper published in March 1994.) But restructuring support activities will also be an important part of this debate, since they make up about half of the DoD budget.

Over the next five years, the Administration's projected budget may provide roughly enough funds for DoD's program, but the number of potential problem areas suggests that funds will be tight at best. The Administration itself has acknowledged shortages of about \$20 billion over the 1995-1999 period, and its plans do not include enough funding for future pay raises as large as those that DoD military and civilian personnel seem likely to receive. Potential also exists for increases in funding for weapons and for environmental cleanup. Moreover, recent press reports suggest that the Administration is expressing concerns about its ability to close bases as fast as the current plan would envision. Although deferring base closures could save money in the short run, since closures require up-front funding, it will add to costs in the long term, when CBO's analysis has suggested that funding could be even tighter. But even without these added pressures, DoD could be short \$12 billion to \$25 billion annually over the 2000-2010 period if it receives no real increases above the 1999 level in the Administration's current plan.

Barriers to Change

DoD may be able to realize savings to solve budget problems without major reorganization. In many cases, savings would result from eliminating excess capacity or cutting functions that are no longer needed. If the Administration and the Congress chose to make them, most of these cuts could take place within the current organizational framework.

But institutional barriers to intraservice streamlining could prove insurmountable. The military branches may keep functions in-house--even at the risk of continuing inefficiencies--because they receive more responsive services or services that are tailor-made for the functions they control. Incentives to streamline may be lacking, since gains from increased efficiency are more likely to result in overall budget reductions than increased funding for other programs. Also, the services may fear streamlining with its risk of reducing the bureaucratic scope of their organizations. Thus, a restructuring of responsibilities may be helpful to break down barriers. An independent agency structured along functional lines often may be freer to choose between competing suppliers of services.

Political barriers to major restructuring exist, of course. Both the Administration and the Congress have political concerns that may preclude choosing the most efficient path. And the services will object to losing control of functions. These concerns may prove to be more important in the

pluralistic U.S. political structure than the benefits of efficiencies to the economy as a whole.

Focusing on Support

Despite the difficulties inherent in making major changes, DoD will need to consider restructuring. Moreover, it may focus on support functions, since support represents such a large portion of the budget. Support functions and infrastructure must also feature prominently in any roles and missions debate, since DoD is anxious to avoid further sharp reductions in combat forces and to preserve their readiness.

What is infrastructure? The staff of the commission on roles and missions provided a rough division of DoD's budget that would allocate to infrastructure any resources not found in a major program that funds forces. According to this definition, funding for support makes up roughly half of the defense budget, totaling about \$125 billion in 1994 and the same amount in 1995. Even broader definitions of support could be used. The Administration's Bottom-Up Review estimated that infrastructure spending in 1994 totaled \$160 billion, thus including about \$35 billion found in force programs.

Other trends also argue for restructuring support functions. Support functions might merge to conform with combat functions that are melded. Even if combat functions remain discrete, advantages may accrue from consolidating support functions since defense strategy now seems to place more emphasis on joint warfighting. Restructuring might also be considered if competitive industries in the private sector perform functions now done by DoD. Changes in the geopolitical environment may also have altered the need for some support activities.

Characteristics of Candidates for Consolidation or Restructuring

Several characteristics may make some infrastructure functions better candidates for consolidation or restructuring than others. Functions that might be amenable to consolidation or restructuring include those that:

- o Involve tasks or activities common to more than one service;
- o Have significant excess capacity;

- o Maintain common equipment or offer opportunities for savings from buying or developing common systems;
- o Support combat activities where missions are shifting; and
- o Support joint combat activities.

Support functions that might be restructured include those that:

- o Are not uniquely military or have competitive industries performing them in the private sector;
- o Are not closely tied to warfighting capabilities, though unique to DoD; and
- o Meet requirements that are undergoing significant change.

SOME EXAMPLES OF CONSOLIDATION OR RESTRUCTURING

A number of support functions may meet these criteria. The Congressional Budget Office (CBO) has analyzed examples of consolidation or restructuring in several areas: services to DoD personnel, weapons purchases and maintenance, intelligence, and training. Only four of the options CBO analyzed seem likely to offer significant savings in the near term. One alternative might actually add to costs initially because the up-front costs associated with reorganization or base closings swamp operating savings. Over the long term, however, the alternatives should reduce the burden DoD carries for supporting its forces.

Services to DoD Personnel

DoD provides a number of services to its personnel and their dependents. CBO examined options in two of these areas: medical care and family housing. The medical care option would improve the cost-effectiveness of the military health care system by adopting staffing patterns similar to those of civilian health maintenance organizations (HMOs), a task that would possibly be made easier by consolidating funding responsibility at the DoD-wide level. The family housing option discusses ways to restructure funding for housing so that DoD would have incentives to rely on the private sector for housing

when that approach is in fact the most cost-effective way to provide a high quality of life for military families.

Military Medical Care. DoD currently has four separate organizations with both fiscal and management authority over the Military Health Services System (MHSS): the Assistant Secretary of Defense for Health Affairs and the Surgeons General of the Army, Navy, and Air Force. In spite of that divided structure, the Assistant Secretary is responsible for ensuring that the department effectively carries out its medical mission.

DoD will have a total physician end strength of about 13,000 in 1995, almost three times the projected wartime requirement of about 5,000 active-duty physicians. Since peacetime medical care requirements now largely drive the size and structure of DoD's medical establishment, the department has been placing more emphasis on developing ways to provide peacetime care in a cost-effective manner. It is implementing several initiatives to accomplish this goal in its Tricare program, including a new management structure and a revised system of reimbursing providers of health care. But CBO's analysis suggests that adopting HMO staffing patterns at the military facilities--a goal that Tricare may not be able to accomplish--might enable DoD to reduce its physician end strength by almost 11 percent more in 1995. Reducing the number of physicians by about 1,500--in addition to the cuts the Administration already plans--could save about \$400 million over the 1995-1999 period, and about \$100 million annually once reductions are fully phased in (see Summary Table).

Consolidating control of all the medical resources that are now controlled by the Assistant Secretary of Defense for Health Affairs and the services under a single manager might allow for more effective management of the MHSS, and it might provide DoD the leverage needed to adopt HMO staffing patterns. CBO's option would place all funding for the Defense Health Program to support the MHSS--including all resources for military medical personnel, now controlled by the services--under a single manager: the Assistant Secretary. He or she would be responsible for developing a unified budget for the MHSS and allocating resources to the services based on those budgetary plans.

A single manager for medical functions would improve coordination throughout the Military Health Services System. Interservice trade-offs--and those between military and civilian care--might be easier for the Assistant Secretary to make. A single medical manager might also enable DoD to adopt more efficient staffing standards at the military treatment facilities based on the experience of civilian HMOs.

Reducing the number of physicians might not be without its disadvantages, however. Having fewer military physicians would mean that beneficiaries would have less access to military medical care, which would require different practice patterns by military physicians if long lines for beneficiaries are to be avoided. Furthermore, an influx of military beneficiaries to the system could make the situation worse for current beneficiaries. If those problems materialized, they would probably increase costs for the civilian

SUMMARY TABLE. COSTS AND SAVINGS FROM OPTIONS (In billions of dollars)

Option	1995	1996	1997	1998	1999	1995- 1999	Long-Term Steady- State Annual Savings ^a
Adopt HMO Staffing Patterns	b	0.1	0.1	0.1	0.1	0.4	0.1
Increase Incentives for Privatization of Family Housing							
Revolving fund	0.3	0.5	0.5	0.5	0.6	2.3	0.5
Single housing appropriation	0	0	0	0	0	0	0.5
Consolidate Acquisition Work Force	0	b	0.4	0.9	1.5	2.8	2.1
Consolidate Depot Maintenance	0	-0.4	-0.4	b	0.3	-0.5	0.4
Restructure Intelligence Community	0	0	0	b	b	b	1.0
Consolidate Undergraduate Pilot Training	0.1	0.2	0.3	0.4	0.6	1.6	0.2

SOURCE: Congressional Budget Office.

NOTES: Minus signs indicate costs. Figures in 1995-1999 period in current dollars. HMO = health maintenance organization.

a. In 1995 dollars.

b. Less than \$50 million.

portion of care that beneficiaries receive under DoD's Civilian Health and Medical Program of the Uniformed Services (CHAMPUS).

In view of those risks to beneficiaries, this option conservatively estimates the reductions in the number of physicians by assuming that all care that beneficiaries receive from DoD is provided at the military treatment facilities. In effect, that assumption leads to ignoring any care provided under CHAMPUS, which could have permitted an even larger reduction in the number of physicians needed to staff the military treatment facilities.

Family Housing. Family housing benefits are another important element in the compensation package that DoD provides its military personnel. About one-third of the military families in the United States live on-base in DoD housing; the other two-thirds receive cash housing allowances that they use to help defray the cost of obtaining housing in civilian communities. Although the current organization for military medical care results in overlap between military departments, DoD's role in providing on-base family housing may overlap with the role of the private-sector housing industry.

CBO's analysis of family housing presents several options that--by consolidating responsibilities for on-base family housing with those for cash allowances--might encourage the department to rely more on private-sector housing. A reduced DoD role could offer significant savings, since the federal government spends 25 percent more on average to provide DoD housing units than what military members choose to pay when they obtain housing in the private sector.

One of these options would involve creating a revolving fund for DoD housing. DoD would pay cash housing allowances to all military families living in the United States; families living in DoD housing would then pay their base housing office a rent equal to their allowance. The rents (allowances) would be used to pay operating costs and to make contributions to a sinking fund that, subject to Congressional authorizations, would finance housing investment. In one version of this approach, the revolving fund would be required to pay the Treasury an annual interest charge for units constructed after the fund was initiated. This requirement would ensure that fund managers only invested in units whose value covered both the construction cost and the time value of money to the government.

Provided that DoD relied only on the fund for housing investment (that is, no supplemental funds were appropriated for the construction of housing), a revolving fund with interest charges could ensure that over the long run the average cost of DoD housing did not exceed the cost of housing allowances.

A revolving fund without supplemental appropriations would save about \$300 million in 1995 and about \$2.3 billion over the 1995-1999 period. Over the long run, such a revolving fund would save about \$500 million annually, as DoD reduced its housing stock and shifted to a more efficient mix of cash and in-kind compensation.

The greatest disadvantage of this alternative stems from the risk that separate appropriations for housing construction might be continued. If such appropriations were made, a revolving fund for family housing could easily result in a greater DoD role in family housing and increased costs. By CBO estimates, DoD's budgets could grow by about \$400 million in 1995 and as much as \$1.8 billion over the 1995-1999 period. Costs could continue to be higher over the long run, perhaps by about \$400 million per year.

A second option would be to establish a single appropriation for family housing benefits. Under this approach, all federal funds currently spent on DoD housing benefits for military families (including family housing operations, family housing investment, and housing allowances) would be consolidated into a single appropriation. DoD and the Congress would review the appropriation annually based on the average amount requested for family housing benefits for each military family in the United States and overseas. Congressional authorization would still be required for investment projects.

Since a single appropriation would free DoD to shift funds to the most cost-effective method of providing housing, the department might be expected to invest in family housing only if the value of the investment to service members over its life cycle exceeded the cost of the unit to DoD. Previous CBO analyses suggest that over the long run the costs the federal government incurs in providing DoD housing exceed the value of that housing to service members. Thus, DoD's role in providing on-base housing would probably decline under this alternative in which DoD managers would have an incentive to choose the most cost-effective form of compensation.

Under the assumptions of this alternative, the immediate savings from a more efficient use of resources would go to benefit service members (through increased resources devoted to housing allowances) rather than to reduce the DoD budget. Over the long run, however, the benefits from DoD's use of a more cost-effective mix of cash compensation and in-kind benefits would accrue to taxpayers. In the long run, savings might again equal about \$500 million annually.

Sizable political and institutional barriers, though, stand in the way of such an option. It would require a Congressional appropriation process that

focuses on the average cost per military family, which in turn would require some reallocation of responsibilities within the Congress. The same subcommittees would have to be responsible for both allowances and family housing. Moreover, responsibilities within DoD would need to be similarly realigned.

Support for DoD's Weapon Systems

DoD maintains sizable stocks of sophisticated weapons to provide its military with a qualitative advantage over potential opponents. Thousands of people in each of the services and several defense agencies are engaged in developing and buying new weapons. Maintenance personnel perform daily and periodic maintenance on these weapons. CBO's analysis discusses consolidating portions of these acquisition and maintenance work forces.

Consolidating the Acquisition Work Force. Ten major organizations and a number of small components in various defense agencies make up the defense acquisition work force. About 450,000 military and civilian workers in DoD conduct and manage the process of developing and producing weapons, equipment, and supplies. The size of the acquisition work force--about 23 percent smaller today than it was in 1988--has declined more gradually than has its work load, according to a number of measures. Acquisition funding declined by about 28 percent over the same period. Quantities of major weapons bought are also sharply lower than in recent years. For example, the Administration's budget this year requested about 125 aircraft, compared with more than 500 authorized in 1990. Ship procurement is a third of 1990 levels, and quantities of strategic missiles requested about a tenth. The number of programs in the acquisition development pipeline is down by about 30 percent.

Perhaps responding to duplication in the organizations providing acquisition services, or to the sluggish effect of reductions on the acquisition work force, several Members of Congress have proposed that acquisition functions be consolidated or streamlined. In fact, the Congress recently passed the Federal Acquisition Streamlining Act of 1994 aimed at streamlining the total federal acquisition process. The act will result in some cuts to the size of the DoD work force. A proposed, though defeated, amendment to that bill offered by Senator William Roth would have lowered the number of acquisition management personnel positions by 25 percent to 30 percent by reducing duplicative headquarters staffs.

CBO's analysis considers an option that goes beyond current legislation to streamline the acquisition process by consolidating these activities into a single agency. Consolidating all defense acquisition functions could promote savings and efficiencies by creating a management structure that is more conducive to cross-service purchasing of weapons and equipment than current practices that often result in each service developing its own systems. A single agency could also achieve a variety of management efficiencies: administrative and support functions could be consolidated and cut back, contracting support and oversight could be centralized, and management information systems could be revamped to meet uniform needs.

Consolidating acquisition functions, however, has its risks. The near-term costs of reorganizing could be significant. Such costs would come at a time when budgets are severely constrained by the need for reducing the deficit. Further, consolidation could create, at least initially, a new layer of bureaucracy to oversee the process that could delay savings and efficiencies. Finally, many of the advantages of an acquisition agency might be realized simply by eliminating the redundancy of military functions among services so that the acquisition work force could be reduced in ways other than through reorganization.

Consolidating Weapons Maintenance. Today, the military services operate 34 major facilities that perform about 70 percent of DoD's annual \$15 billion bill for depot repairs and related maintenance. Although 10 facilities are scheduled to close as a result of previous base realignment and closure (BRAC) decisions, reductions in the numbers of U.S. forces and in the tempos at which they operate will still leave considerable excess capacity at the remaining public depots. The magnitude of this excess capacity may be even larger than current estimates if the Administration succeeds in carrying out its policy of redefining a "core" set of maintenance capabilities and then awarding a greater share of maintenance contracts to the private sector.

Public depots are dedicated primarily to a single service, and with the possible exception of fixed-wing aircraft, the Administration plans to let each service continue to operate its separate depots. But mindful of the need to maintain equipment more cost-effectively, in recent years the Office of the Secretary of Defense (OSD) has directed the services to perform more of each other's repairs when they involve common equipment. OSD also established an interservice management structure, the Defense Depot Maintenance Council chaired by the Deputy Under Secretary of Defense for Logistics, to coordinate this effort. But given that the share of work loads performed by one service for another remains small and the services remain reluctant to rely on each other's facilities for repairs, a centralized depot

management structure could make intraservice and interservice depot consolidations more likely.

In a 1993 report, the Joint Chiefs of Staff proposed one option for centralization: establish a joint depot maintenance command. A joint command or, alternatively, a civilian depot agency could take a DoD-wide perspective in managing existing facilities, assigning similar work loads to specific depots, and making recommendations to the BRAC commissions about which facilities to close. Since service depot personnel might be assigned to work together in a common facility or at least collaborate more extensively at separate facilities, a centralized management structure might make it more likely that the services will learn from each other's experiences in maintaining similar equipment. And a DoD-wide perspective might also result in better choices about how maintenance resources should be allocated. By encouraging more collaboration on similar work loads, a centralized management might also gain a better sense of the readiness and reliability of each service's weapon systems.

Under this option, assigning maintenance work loads among the services would allow DoD to close seven depots--three aviation facilities, two ground equipment depots, and two naval shipyards--in addition to those closures planned under previous BRAC decisions. Calculations based on one measure of capacity and future work load suggest that the greatest opportunity for consolidation among service facilities lies in fixed-wing aviation: work on aircraft and their components could be consolidated among six depots rather than the seven that might remain if, instead, the Navy and Air Force were to reduce their capacity individually.

The costs associated with this option would outweigh its benefits by about \$500 million (in current-dollar budget authority) over the 1995-1999 period. This shortfall is the result of up-front costs associated with moving equipment, retiring and separating personnel from the work force, and performing environmental cleanup at depot sites. But by early in the next decade, DoD would save an average of about \$400 million per year in budget authority, or a total of about \$2 billion over the 2000-2004 period (in 1995 dollars). Other estimates have suggested that DoD could save from \$350 million to \$700 million per year over the long run by closing seven depots. Although it may take several years for DoD to break even, the magnitude of longer-term net savings may warrant paying the earlier costs. Most of the costs and benefits associated with this option would also accrue under intraservice consolidations.

Opponents of a centralized management structure argue that it is politically and bureaucratically impractical. The services are reluctant to cede control over maintaining their weapons, arguing that separate control of depots provides a closer link between the users and suppliers of maintenance services. Some argue that overlap may be needed to ensure a ready source of repair that is dedicated to each service's mission and knowledgeable about its specific operational needs.

In recent years, the Congress has imposed constraints on centralizing and consolidating depot operations, preferring that any further base closures be left to the BRAC process. In the face of these hurdles, DoD will find it difficult to gain the authority to implement such a dramatic change in management structure.

Intelligence Activities

If unclassified press sources are accurate, spending on the more than 20 agencies that make up the intelligence community amounts to about \$28 billion per year, or about 10 percent of the DoD budget (where most of it is found). Intelligence plays a critical support role for national defense, determining both how well the U.S. military performs in wartime and when and if it will engage in combat. The intelligence community has played a useful role in producing analysis about many other countries in the world, including their economies, military forces, and political structures. Its analysis has provided the basis for negotiating arms control treaties, responding quickly and effectively in crises, and ensuring that a surprise attack against the United States was not under way.

The intelligence community's budget has already been cut by about 15 percent relative to peak levels. Current plans call for further budget reductions, as well as additional cuts in personnel levels, that will leave the community about 23 percent smaller at the end of the decade than it was at the beginning. But a number of observers, including Senator Sam Nunn, remain interested in the possibility that further changes in the intelligence community may achieve greater efficiencies--and real savings. Several plans for reorganizing the intelligence community have been discussed by Members of Congress who have held leadership positions on Congressional committees that oversee intelligence. The options CBO considers build on the ideas of those lawmakers to discuss approaches that might produce further economies in the provision of intelligence.

One approach to achieving economies would rely heavily on organizational changes, perhaps similar to those discussed in the bill proposed by Senator David Boren and Representative Dave McCurdy or to the changes in a bill proposed by Senator Daniel Patrick Moynihan. Another approach to restructuring would remain agnostic on detailed organizational changes, but would scale back resources devoted to intelligence activities on the assumption that some of its missions--such as those focusing on economic, environmental, and antinarcotics matters--are not central to U.S. security or are being handled effectively by other parts of the U.S. government or the private sector.

Either way, the CBO alternative assumes that another 5 percent cut in spending could eventually be achieved by organizational restructuring or by eliminating certain missions. A cut of that size would result in a total reduction of perhaps 25 percent since 1990 and save \$1 billion per year once the personnel reductions were fully made. CBO assumes, though, that most of the cuts in spending would not occur until the next decade, after the current round of cuts has been completed.

Cutting the intelligence community even more raises a number of concerns. Key U.S. security concerns of the post-Cold War world include stopping the proliferation of weapons of mass destruction, predicting the possible onset of ethnic and regional conflict in time to attempt to avert it diplomatically or with preventive deployments of forces, and tracking the activities of terrorist groups and other extremist political organizations. These concerns are often best addressed preventively, if possible, rather than through the use of military deterrence or military force. Thus, a redundant organizational structure that ensures a competitive dynamic to intelligence work may represent a wise insurance policy, and a relatively cheap one, compared with the spending a new arms race or war might entail.

Pilot Training

The United States invests substantial resources in training its military personnel, in the conviction that well-trained fighting forces are most likely to win wars quickly with the lowest loss of life. Each of the military departments maintains a large and sophisticated training establishment to achieve that goal. A number of military experts believe that some of these separate organizations could be consolidated. For example, Senator Nunn has suggested that training might present a number of areas for consolidation, including pilot training. Consolidation can save money and might produce a

more coordinated fighting force at a time when the services expect to work more closely together than ever before.

Former Senator Barry Goldwater's irritation about duplication in U.S. air power--that the United States was the only country with four air forces--also seems applicable to organizations for training pilots. Each of the three military departments operates its own schools, facilities, and programs. (Marine Corps and Navy pilots train in the same facilities.) Though operational skills may vary from service to service, Senator Nunn suggested that basic flying skills are similar.

DoD also recognizes this overlap. For example, the Air Force and Navy are developing and buying a common trainer aircraft--the Joint Primary Aircraft Training System (JPATS). And consolidating fixed- and rotary-wing (helicopter) pilot training was one of the few suggestions proffered by Senator Nunn that was endorsed by former Chairman of the Joint Chiefs of Staff Colin Powell. But service plans call for an almost glacial pace in integrating training for fixed-wing pilots: only after substantial deliveries of the JPATS toward the end of this decade will small numbers of students train together. Study results on consolidation of rotary-wing training have yet to emerge from the Pentagon.

Fixed-wing flight training could be consolidated without waiting for JPATS deliveries. Indeed, consolidation would reduce the need to buy JPATS immediately, since having Air Force pilots train initially in the Navy's primary trainer--the T-34--would substantially reduce the use of the Air Force's T-37 primary trainer. The Air Force could then keep its T-37s longer and JPATS procurement could be deferred at least until after the turn of the century. Deferring JPATS would result in savings of about \$200 million in 1995 and about \$1.3 billion for the 1995-1999 period, though the trainer would still need to be bought in the long term. Rotary-wing training could also be fully consolidated among all of the services. This step would require the Navy to give up its current practice of assigning students to a helicopter track based on their performance during an initial phase of fixed-wing training. Changing this practice, however, would reduce the total number of JPATS that DoD would need to buy by about 120 planes.

Merging the individual services' programs for fixed-wing as well as for helicopter training might also increase the efficiency of the DoD's infrastructure by reducing overhead, since all training of a particular type would be conducted on one or two bases. In addition, it would permit the services to close three or four additional bases, eventually saving about \$200 million each year after initial closure costs. Moreover, joint training might

lead to the adoption of the best practices from each service and foster interservice cooperation--increasingly important in a period when DoD is stepping up its reliance on joint operations.

Nonetheless, consolidating pilot training may have disadvantages. Some savings would be offset by higher costs. Such costs would include increased travel costs, higher maintenance costs for the older T-34 and T-37 aircraft, and one-time costs of base closure. Moreover, delaying purchases of JPATS means that the military would forgo the advantages of a new trainer for some years. These advantages include having an ejection seat in training aircraft, a digital cockpit common to aircraft that pilots will later fly, the ability to train at higher altitudes, and a cockpit designed to accommodate smaller female pilots.

Adopting common rotary-wing training--without a fixed-wing introduction--would be unattractive to all services except the Army. Proponents of initial fixed-wing training for all pilots believe actual flying is a better way to screen candidates and to allocate fledgling pilots to fixed-wing aircraft rather than to the less demanding helicopter track. The Navy and the Coast Guard--which receives its initial training from DoD--also have expressed concerns that helicopter pilots would no longer be able to operate fixed-wing aircraft at a later date, or serve a stint as fixed-wing instructors. For its part, the Marine Corps is concerned that helicopter pilots need an initial period of fixed-wing training to fly the V-22 aircraft--the planned replacement for a portion of the Marines' transport helicopter fleet--which takes off like a helicopter and flies like a fixed-wing aircraft.

CONCLUSION

CBO chose the preceding alternatives because they demonstrate one or another of the characteristics described earlier. The options considered were also selected because they represent promising functional changes. Of course, some of the ideas discussed in this paper may be abandoned as further study is devoted to them. Perhaps they save too little, or up-front costs are too daunting. Perhaps they face insurmountable institutional or political barriers or produce undesirable consequences.

Nor is the set of alternatives considered exhaustive. Defense experts have offered a number of other options and will no doubt uncover other functional areas that could benefit from restructuring in the future. Indeed, many creative ideas may emerge from the new roles and missions commission.

The infrastructure arena will remain central both to the roles and missions debate and to debates on future budgets. Whatever the specific sets of options, DoD and the Congress will need to keep looking for better, more efficient ways of doing business. Finding efficiencies in infrastructure may be the most promising way for the United States to keep credible fighting forces with austere budgets.